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HINTS

ON THE

TIMBER DUTIES.

HINTS
ON THE SUBJECT OF THE
TIMBER DUTIES,

SUGGESTED BY THE

Report

OF THE
HONOURABLE THE SELECT COMMITTEE
OF THE

HOUSE OF COMMONS,

APPOINTED

To consider of the Means of Improving and Maintaining

THE

FOREIGN TRADE OF THE COUNTRY;

WITH

DOUBTS

OF THE

SOUNDNESS OF THE POLICY

WHICH DICTATES A SYSTEM OF TAXATION

WHEREBY

An unnecessary Mercantile Marine is supported

AT THE

EXPENSE OF THE COMMUNITY,

THE

IMPORTATION OF THE MANUFACTURED ARTICLE,

In preference to the Raw Material, is encouraged,

AND THE

CONSUMER IS FORCED TO SUPPLY HIMSELF WITH

INFERIOR GOODS FROM THE MOST DISTANT MARKETS.

London :

PRINTED BY J. BARFIELD, 91, WARDOUR-STREET.

1821.



HINTS

ON THE

TIMBER DUTIES,

&c. &c. &c.

THE Report on the subject of the Timber duties, from the Honourable the Select Committee of the House of Commons, appointed to consider the means of maintaining and improving the Foreign Trade of the Country, has naturally attracted an unusual degree of public attention, as it involves questions interesting, in a greater or less degree, to every member of the community. After alluding to the inferiority of American timber in point of quality, as compared to the timber of the North of Europe, and to its being forced into consumption, by the operation of the present high duties on European wood, the Committee proceed to remark, with much truth, that "In addition to these inconveniences, the amount of the duty on Baltic timber, and the increased price which, under the operation of that duty, the American timber must have borne, may be considered as a bounty paid by the consumers

of the United Kingdom for the benefit of the North American Colonies, and the support of the superfluous shipping, to which the transport of their wood is said to afford the only employment." After considering the subject in all its bearings, the Committee recommend, that the duty on European timber should be lowered to £2 15s. per load, and that a duty of 10s. per load should be imposed on American timber; or, in other words, they recommend continuing a bounty on the importations from the Colonies of £2 5s. per load. If this were proposed as the commencement of a gradual diminution of the bounty, leaving the prospect of the country's being ultimately freed from the burden, the author of this pamphlet would be far from disposed to question the policy of the arrangement in that respect, although it is not exactly what he should have recommended. But when it is considered that a gradual reduction is on all hands reprobated, as being attended with worse consequences to all concerned, than almost any other course that could be pursued, it may not be improper to look forward to the probable effects of the proposed regulations.

When the difference of freight between a Quebec

and a Memel voyage is contrasted with the difference of duty proposed, together with the difference in the shipping prices of the article in the respective markets of North America and the Baltic, the bounty in favour of the Colonies is found to be £1. 10s. per load, over and above the difference of freight;* when, along with this it is considered,

	£	s.	d.
* Proposed Duty in favour of the Colonies	2	5	0 per load.
Difference of the shipping price, as stated below†	0	10	0
	2	15	0

Deduct,

Difference of freight between a Quebec and a			
Memel voyage, as stated below‡	-	-	-
	1	5	0
Difference in favour of the Colonies, over and	}	1	10
above the difference of freight		0	0

†Average shipping price of Baltic timber - 1 10 0 per load.

Deduct,

Average shipping price of American timber	-	1	0	0
Difference of cost	-	-	-	0
				10
				0

‡Freight from Quebec - - - - - 2 5 0 per load.

Deduct,

Freight from Memel	-	-	-	1	0	0
Difference of freight	-	-	-	£1	5	0

For the accuracy of these statements, the reader is referred to the Evidences before the Commons' Committee.

that in the years 1814, 1815, and 1816, when the market was not overstocked with American timber, as it is at present, the average difference of price in the English market between American Pine timber and Baltic timber was from 4s. 2d. to 15s. 7d. per load,* there seems no room to hope that the regu-

It is a curious fact, that at the time the duties on European Timber was raised to the present high rate of £3 5s. per load, the difference between the freights of a Quebec and Memel voyage was £3 10s. per load, or 5s. per load more than the duty, when so increased, amounted to. This appears from the Memorial of the Russia Company, *vide* Appendix to the Report of the Commons' Committee, No. 6.

* General Average Price of Memel timber in s. d.

the Year 1814	- - - - -	4	4	per cubic foot.
Do. of British American Pine, same year		4	3	

Difference	- -	0	1	per cubic foot.
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Or, 4 2 per load.

General Average Price of Memel Timber in

the Year 1815	- - - - -	3	3½	per cubic foot.
Ditto of British American Pine	- - - - -	2	11½	

Difference	- -	0	3½	per ditto.
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Or, 15 7½ per load.

General Average Price of Memel timber in

the year 1816	- - - - -	3	1½	per cubic foot.
Ditto of British American	- - - - -	2	11¼	

Difference	- -	0	1¼	per ditto.
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Or, 7 3½ per load.

Appendix to the Report from Select Committee, No. 16.

lation contemplated, can materially benefit the trade of the Baltic, or diminish that of the Colonies. Making full allowance for the over great importation of the last two years, it is therefore not too much to estimate that the annual importations of American timber into Great Britain and Ireland, will be not less than 250,000 loads. The amount of the bounty, under the proposed regulations, (£2 5s. per load,) will thus be fully half a million sterling per annum. Reckoning this for seventy years, a period not too long to anticipate in a matter of this sort, and there is no reason to think the bounty will be less necessary then than it is now, if the system is persevered in, the bounty will by that time, without adding interest, have amounted to £30,000,000; and if reckoned at compound interest, it will then have cost the country no less a sum than three hundred and ten millions! a sum which would make a tolerable figure in the liquidation of the national debt. Looking to the subject in this point of view, it becomes a matter of serious consideration how far, in the present state of our finances, it is expedient to impose on the country such a burden, and how far the object to be attained by it is worthy of such a sacrifice.

If the voyage were three times the length, and the bounty consequently necessary to force the trade, three times as great as it is, or amounting to a million and a half per annum, no argument would be necessary, to persuade every unprejudiced person that the sacrifice was too great to be thought of, even during times of prosperity; but considerations of economy depend entirely on the situation of the party; what might be a very justifiable, or even commendable, measure in a flourishing state, assumes a very different aspect when the finances of the country are reduced to the lowest ebb. Whatever might have been the case under different circumstances, no one will say that any thing short of paramount necessity, can justify Parliament in imposing on the public so heavy a burden, at a time when the cry of distress is heard from every corner of the kingdom, and from every class of the community. The necessity of the measure is a question of more doubt and greater difficulty.

The subject has been so much obscured by popular prejudices, and the judgment of the public has been so much biased by their naturally generous feelings, which have been industriously

worked upon by interested persons, that cool and serious reflection is required, in order to arrive at correct and safe conclusions upon it. The encouragement of the colonies; the distress of the ship-owners; and the value of the trade as a nursery for seamen, have all been rung into our ears, until we are almost forced to believe, that the bounty demanded cannot, under any circumstances, be withheld, and he is considered cool-blooded and plodding, who endeavours to resist the current of enthusiasm. But imposing as the arguments founded on these topics are, they do not bear the test of dispassionate consideration, and are far from weighing against the grievous burden with which the country is threatened. The interest of the Colonies is brought prominently forward; but it will surely never be maintained, that this country should tax itself to the extent of half a million per annum, that the Canadians may be enabled to sell us timber to the value of £250,000, even if it were all profit, much less can it be admitted, when it has been shewn by the evidence before the Committees of Parliament, that their wood is of little or no value to the landholder, and that, generally speaking, the people who prepare it for market would

have been more advantageously employed in agricultural labour.

The next argument in favour of the trade is, that it enables the Canadians to take our manufactures to a large amount; but it is manifestly impossible, that this branch of their trade can enable them to take a larger value of British goods, than the timber they export amounts to; and it is no less certain, that from whatever country we get our supply of timber, it must directly, or indirectly, be paid for in goods; and the less the proportion of the cost that consists in freight, (if imported in British ships) the greater will be the return in goods.—We are then told, that there is a large capital invested in saw-mills in the Colonies, which must be thrown out of employment, if the trade in deals with Britain should cease. Although we do not see how the claims of the Canadian saw-mill owner in this respect, are more deserving of attention than those of the proprietors of saw-mills in this country, which are, by the Committee of the Commons, altogether disregarded; yet, we by no means dispute their title to remuneration, if it should be found expedient, to sacrifice their property to the public interest; especially as the sum necessary to

compensate these sufferers, is so small in comparison to the saving to the country, as hardly to influence the decision.

The ship owners next demand attention, and loudly complain of the depressed value of shipping, and urge, as an irresistible reason for continuing the bounty, that the American timber trade is absolutely necessary for the employment of their superabundant shipping. That they have an undoubted right, in common with their fellow-subjects, to the protection of government will not be denied: but how their claim in that respect is stronger than that of other sufferers, is not so easily discovered. When a ship-owner builds a vessel, he speculates on the chances of war or peace freights, just as much as the merchant who imports goods speculates on peace or war prices; it is neither more nor less than a mercantile adventure, with this difference only, which is decidedly against his plea, that the ships thrown out of employment by the peace, were built for the transport service, and had, with few exceptions, earned to their owners twice their original cost in the service of government before the war ended. But if it shall appear to Parliament that there is

any peculiarity in the situation of the ship-owner, that entitles him to be screened from the common casualties of trade, it may be done by applying to the purchase of old ships; the £500,000 which will be saved in one year by withdrawing the bounty, and in this way more effectual aid will be afforded to the shipping interest, than would be effected by bolstering up the American timber trade by an extravagant bounty for fifty years to come.

The ship-owners, and other advocates of the bounty system, lay much stress on the value of the trade as a nursery for seamen; but no man surely would propose that a large mercantile marine should be kept up at the public expense, solely for that purpose.* Why has the army and

* On the subject of British shipping I cannot but think better employment might be found for them, if they are to be supported at the national expense, than bringing bad wood from Canada; and which, I fear, has been the cause of much dry rot in my ships and buildings, where it has been used. Coals for the poor, materials for making good roads round the metropolis, brought freight free, would be a public benefit; or, if no better employment could be found, they might constitute a nursery for young seamen, which some fear might be lost if this Canadian trade is reduced. Then they might cruise off Brighton in the summer; and when I walk the Steyne, I should see their evolutions, or could embark and visit the future protectors of my land.

John Bull, on the Timber Trade, London, 1821.

navy been reduced? Is it not because the country cannot afford to maintain an unnecessary number of unproductive labourers? But the seamen engaged in bringing timber from America, are not merely unproductive, independently of the expense of their maintenance, they are employed in a way absolutely hurtful to the country, for American timber is confessedly less durable than Baltic; and the express object of the bounty is to force the country to use it. This creates a national loss, not indeed so apparent, but quite as real, and infinitely greater in amount than the bounty itself.

This is manifest when it is considered, that if a house built with Baltic timber lasts only twenty years longer than if it had been built with American timber, then the individual who uses American timber, will ultimately lose twenty years rent of his house, which will amount to three times the original cost of the wood. Many well-meaning people indeed maintain, that no national loss will accrue, from the buildings lasting a shorter time, since it will be the means of affording work to masons, wrights, &c. but the gentleman who has to rebuild his house twenty years sooner than he

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would have had occasion to do, if he had used Baltic timber, will hardly subscribe to the doctrine.

That bounty is surely very ill bestowed which costs the donor ten fold more than it contributes to its object; and it would be wise to withdraw it, even although he should feel himself called upon to recompense the party to the full extent of the benefit he had formerly derived from the bounty he should now withhold. In the case before us, the claims of remuneration would be very small indeed, when compared with the saving to be made by withdrawing the bounty.

The apprehension entertained by the Honourable the Committee of the House of Commons, lest in the event of our being at some future period excluded from the Ports of the North of Europe, we should be at a loss for a supply of timber, if the Canadian trade were not encouraged in the way proposed, will be thought, by most people, too prospective and chimerical, to be reckoned a reasonable ground for subjecting the country in the mean time, to a certain loss of half a million per annum; especially when they consider, that timber is not an article of cultivation, but of na-

tural growth, in America, and that giving the proprietors a bounty for cutting it down now, is but an indifferent way of preserving it for future use.

If a system of taxation, for the purpose of bringing the timber of our Transatlantic Colonies into competition with the timber of the Baltic, be so objectionable, what can be thought of a similar system, without the slightest pretension to the plea of expediency, operating in favour of a more distant country, to the exclusion of our nearest neighbour;* weakening the only kingdom that stands between Great Britain and the most powerful state in Europe; and threatening to bring to our very shores, an empire already comprehending a territory of five thousand miles in extent. Yet these are precisely, and without exaggeration, the actual effects, and probable consequences, of the present state of the timber duties as respects deals. Effects of such magnitude, that in con-

* The extraordinary importance which Russia is said now to attach to her Deal trade, which used formerly to be so much despised, cannot escape the observation of those who look deeper than the surface of remonstrances from foreign states, and her *à-propos* tariff, imposing additional duties on British commodities, precisely at the time our timber duties are under discussion, will strike them to be a *ruse de guerre* rather too palpable to answer its end.

templating them we are apt to lose sight of the sacrifice the consumer is forced to make, in consequence of the duties obliging him to import his supply of deals from Russia, instead of getting a better article, and at a cheaper rate, from Norway.*

To remedy these evils, certainly of no small magnitude, the Honourable the Committee of the Commons propose a *small* increase to the deals of large dimensions, and *some* reduction of duty on shorter deals, not adverting, probably, that at present the small deal of Norway pays just about twice the duty on the large deal of Russia.

If they are to be brought to any thing like an equality in point of duty, it will be necessary to make a *large* increase to the one, and a *great* deduction from the other.†

* A cargo of Norway deals, lately sold in London, £ s. d.
amounted to. - - - - - 2,094 4 10

The duty and charges on which were - - 2,309 12 2

Leaving a loss to the importer of £214 18s. 4d.

Of the charges, £1,566 was duty.

Evidence of Mr. John Henry Pelly.

Commons' Report, page 156.

† The Committee of the House of Lords do not think it enough to prescribe vegetable diet after mortification has made its appearance, but boldly recommended amputation as a more likely way to save the life of the patient. "It appears, that from the same duty

Another very extraordinary feature in the regulation of the duties upon timber and deals has attracted the attention of the Committees of both Houses of Parliament. It is noticed by the Committee of the House of Lords in these words :

“ It appears that according to the present mode, a standard hundred of deals pay less duty than would be chargeable upon an equal quantity of solid fir timber; and the Committee are satisfied that Parliament will think it expedient to remove this impediment from the employment of British capital in saw mills, by making the duty payable on deals at least equivalent to that on timber in the log.”

Adverting to this inequality between the duty on timber in the log, and timber in shape of deals, the Committee of the House of Commons observe, “ The policy of a legislative preference being given to the importation of timber in the log, and the

having been imposed in Great Britain on deals from eight to twenty feet, while in Ireland the deals were divided into five classes, the lowest of which was from eight to twelve feet, the Norway deals, which are of small dimensions, have laboured under a fair disadvantage in the British market. The Committee submit, that it would be expedient that all wood, the growth of foreign countries, should be admitted into this country subject to an equal proportionate rate of duty, and that for this purpose a graduated scale, according to the cubical contents, should be adopted.”

Report of the Committee of the House of Lords.

discouragement of the importation of deals, seems to your Committee very doubtful, both because they are of opinion that any advantage to be expected from the conversion of timber into deals in this country, will not be sufficient to compensate for the corresponding disadvantage to the general consumer, (to whom the deals would come with a considerable increase of cost,) and because it is founded on a principle of exclusion, which they are most averse to see brought into operation without the warrant of some evident and great political expediency."

The doubt expressed by the Commons Committee would be very reasonable, if they were correct, in thinking that the proposal of making the duty payable on deals, equivalent to that on timber in the log, is founded on a principle of exclusion; or, that if timber and deals were put on a fair footing with respect to duty, the deal must (of necessity) come to the consumer with a considerable increase of cost. By reference to the explanatory evidence of the only witness examined,* in regard to the expense of manufacture,

* This explanatory statement will not be found in the Minutes of Evidence: being refused by the Committee, the witness was obliged to print and circulate it to the Members of the House of Commons at his own expense.

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with reference to the duty on timber and deals, it appears that the British saw-mill owner requires nothing more than, that the duties should be so regulated, as to place the importer of timber in the log, and the importer of timber in the deal, in the same relative situation as if there were no duty on either article; and it is humbly conceived, that the perfection of a system of imposts consists, in such an adjustment; to go a step beyond that, is to prefer our neighbour to ourselves, which is carrying liberality a degree too far. Liberality carried that length, if acted upon as a general principle, would, in a very short time, annihilate every manufacture in the kingdom.

The idea that the duty on timber and deals could not be equalized, without either lessening the revenue on the one hand, by lowering the duty on the log, or, on the other hand, raising the cost of the article to the consumer, by adding to the duty on deals, is equally erroneous; and even if it were the case, it would be a very insufficient reason for declining to rectify so palpable an error in the system of taxation; for it would be no very difficult matter to decide, whether the cast of the balk should be given to the consumer, or to the revenue,

But happily, Parliament is not placed in the difficult predicament of having to determine that point, for there is a third way in which the duties might be adjusted : one-half the sum necessary to equalize them might be added to the deal, and the other half deducted from the duty on the log, in which case, if the consumer paid more for his deal he would pay less for his log, and the revenue would be little affected by the alteration.

If such an arrangement should enable the home sawyer to compete with the foreigner, it could not fail to keep down the price of the deal, and would in that way prove advantageous to the consumer.

A system, so contrary in every respect to the clearest principles of political economy as the present is, cannot be made the foundation of a rational rule of taxation. It is impossible to reconcile contradictions; and it must baffle the wisdom of Parliament so to regulate the duties, as to maintain, at the public expense, a large *superfluous* mercantile marine, without imposing an intolerable burden on the community;—or to give an undue preference to one country, without committing an act of injustice towards another;—or to cheapen an article to the consumer by prohibiting its manufacture at home,

Parliament will therefore best consult their own credit, by lifting themselves fairly out of the trammels of the old system, and taking such a comprehensive view of the subject as will enable them to form regulations, agreeable to their own liberal and enlightened ideas, and conformable to the advanced state of political science. They will then be at no loss to determine what course should be pursued, but acknowledging the general principle, that whatever tends to interrupt the natural current of trade, or fetter the industry of the country, should be avoided, they will endeavour so to regulate the duties, as to keep the commerce of every country as nearly as possible in the same situation as if no tax had been imposed.

In applying this principle to the duties on timber and deals, they will, no doubt, have to combat many prejudices, but will succeed in framing regulations, which will bear to be closely investigated, and will stand the test of time. They will perceive, that cost what it may, the interest of the country will not be consulted, if this branch of our trade is not, as speedily as possible, restored to its natural channels, and they will see no insurmountable bar to the almost im-

mediate accomplishment of this desirable object; when they consider that the only party concerned, who will so greatly suffer as to swell to any considerable amount the sum necessary to afford compensation, is the ship-owners, whose claim on the country, as already shewn, is at best very questionable, and that even their claims, if they were admitted to the fullest extent, ought to weigh but lightly in the question, since it is beyond all dispute, that two years' amount of the bounty proposed to be levied on the country, in order to employ their ships, would absolutely purchase them.*

* "The ships employed in the Canadian trade are the second class ships, which would be broken up if we had not this trade."

Evidence of Mr. McGie, (ship-broker, and concerned in repairing and building of ships,) before Commons' Committee. Page 39.

This is equally true, whatever be the number of ships employed in that trade; for whatever the number is, it is clear that they can be bought at the rate of two years' purchase of the bounty; and, consequently, that so long as the bounty is continued, every ton employed in that trade is equivalent to a debt on the property of the public of £4, bearing interest at 50 per cent. per annum.

Such ships would, on the average, be bought for £4 per ton; at least that would fully do it, including what would be got for the old materials; and the bounty proposed to be paid by the country for keeping them employed, is no less than £2 5s. per ton per annum.

THE END.

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